Present Day Industrial Conditions in Germany

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The author of this article had been in Germany about four months when he wrote this article for *The Annals*. Mr. Balderston is a careful observer of industrial affairs and has had exceptional opportunities to make first hand investigations of conditions in Germany as they now are. Being one of the mission of the American Friends Service Committee to aid in the distribution of food he has come into contact with all classes of the German population.—THE EDITOR.

IT is impossible for a casual visitor in Germany today to get other than an incorrect picture of conditions here. Around the hotel lobbies there is not much that is different from the old Germany. Business travelers can learn some things. Forward looking executives have told some of us still more as we have met them in connection with our work. They have been most frank and open in discussing any matters even remotely connected with the question of relief. These conferences naturally lead to the discussion of the present and future economic problems. At the same time, we live so close to the mountain that it is very difficult to get a proper perspective, and the mists with which the top is always encircled give a different impression every time that we look at it. Therefore, I prefer rather to endeavor to give a correct picture of conditions in certain factories which are typical of the general industrial situation.

I recently visited two German factories producing the same class of products: equipment needed by a rather large general industry. The first is, or was, the assembling plant of a well-known American company. The second is a German corporation, but with close affiliation with similar corporations in at least two other European countries, and with one of the important corporations in the United States. It is the largest factory of the kind in the whole of Europe.

Let us first visit No. 1. The Direktor sits, as of yore, in the office marked "Privat." The room is heated by a tiny temporary stove, for the steam from the factory is too uncertain these days. The designing and sales departments are closed. In the outer office we can see a faithful stenographer, and a young bookkeeper whom we learn has just returned to his old position after spending four long years in a Siberian prison camp. We are told that the vacant chair at his side belonged to a boy who lies buried somewhere on the eastern front. We sit down and talk to the Direktor who does not mind interruptions, for just now, unfortunately, he is not very busy. Before the war, the factory received from the parent factory in the United States the important special working parts of the machines that they manufactured. The heavy cast frame was bought from a German foundry under contract, and the price was always very cheap, so the castings were much heavier than the American model and, therefore, more attractive to the European buyer. Throughout the war, the factory was engaged in war work, for it was com-

mandeered at the very beginning like all others, and the property itself was taken when the United States entered the struggle. Its war production consisted of projectile cases of some of the very small sizes and also, since the armistice, some small replacement supplies for the local railroad. The German government has just released the plant before we visit it so we can see just how it is prepared to take up its peace-time pursuits.

UTILIZATION OF PRE-WAR MATERIAL

Entering the factory building, we meet the Superintendent and his assistant who are busily engaged in supervising the sorting of the old pre-war material on hand, which has been stored away in the corners of the stock room and which they now propose to start through the factory. In fact, the first lot of thirty machines is going through the week that we come to see them, and a few samples of various models that had been cast aside in 1914, when they were almost completed, are being painted and tried out, ready for the packing room. We visit the power plant. It looks much like thousands of those in the States. But what is that fuel that the fireman has in his shovel? We go out to the bins and find such an assortment that we make a note of it, though we have already become somewhat hardened to a fuelless land. There is a supply of wood of odd lengths and sizes; there is peat or "torf," only slightly dried; there are at least two styles of lignite briquettes and, further on, three different kinds of coal. This may be an extreme case but the locomotive tenders very generally carry two kinds of fuel at a time.

Operating the machines in the factory are about forty men, or one half the pre-war force. All are old employes that have been reinstated by direct order of the government, as they have returned to claim their jobs. Just one woman remains at a bench as a reminder of the economic substitution of the war. The machines all have been much repaired. All bearings are worn abnormally because of the lack of proper lubricants. The solution pouring over the tools on the lathes is not much better than so much water. Soap is still very difficult to obtain here and no one can afford to use oil for such a purpose. As a consequence, the operation of the machines is necessarily slow and uncertain, and the standards of accuracy cannot be kept up to that which made German workmanship what it was before the war. As an American engineer present puts it: "In the States the whole outfit would go to the junkpile."

ATTITUDE OF GERMAN WORKERS

The attitude of the workers is typical. Most of them are on "piece work," but even these do not appear to be in any hurry either. All are mechanically dragging through the day without interest in their tasks. Their brains seem to be responding chiefly to the reflexes built up through habits of industry formed years ago, and the work today does not make any appeal. They work eight hours a day and five days a week and are paid an average of 2.75 marks per hour. Soon they will be paid three marks per hour.

Returning to the office, the Direktor tells us about his plans for the future. The American office has recently sent

a representative to the plant, just to see "if it were still there" and, if so, to report on the conditions as he found them. No instructions have yet come through. Such are the uncertainties of modern business communications. The Direktor, therefore, proposes to work off his stock of unfinished goods while awaiting developments. No definite orders have yet been received and it is rather difficult to name a selling price, for the value of the mark is so variable and the estimated cost of the materials so uncertain that almost any guess would be as good as another. The Direktor therefore proposes to sell on the basis of the cost of labor and material *when bought*, plus the usual profit, regardless of the cost of replacing these materials in the next purchase. This seems to be the usual practice and perhaps the best one under the circumstances, though it leads to some complicated situations. When ready for new material he does not know whether or not the factory can continue to compete with those factories that are not dependent on stable international trade relations for their raw materials or their sales. This waiting attitude is also typical.

OLD STANDARDS IN GERMAN FACTORIES

Now let us visit the larger factory where the international complications are not so serious, because the ownership is German, the materials are now very largely of German origin; they manufacture a larger variety and the domestic markets for some of the lines have been already opening up in this country in an encouraging way. Here we make a few new observations. The power is supplied by a battery of Diesel internal combustion engines, and also some electricity is purchased from a larger power plant. The supply of fuel oil for the future is worrying the management greatly. There is no reserve of raw materials of any kind and no guarantees of further deliveries. It is interesting to see the substitute materials going through the factory side by side with those of standard quality of pre-war purchase, the substitute metals and woods being of domestic, "inland" origin and replacing that which cannot now be obtained from abroad or which are too costly for present use. Consumers are patiently enduring this situation, awaiting the time when they can again purchase goods of a more satisfactory quality. Labor saving devices are lacking in all departments of the factory, and the designs of machines being built are the massive ones that were familiar to every American salesman who attempted to sell, in competition, the lighter made ones from the States. But our young and obliging guide admits that German manufacturers cannot compete in the future in the open market unless new efficiency standards are adopted in the shop to reduce the amount of now relatively higher-priced labor. Moreover, the new prices of materials will force new designs into popularity. It is well known that heretofore German machinery has been permanently constructed because of the desire to keep down replacement costs, and this factor was a very important one in keeping up the efficiency here as the war continued.

LIVING CONDITIONS OF GERMAN WORKMEN

But let us go home with some of the workmen at night and see how they

live with an average income of 125 marks per week, instead of 20 marks, the amount received before the war. The food for the week, which can be obtained through a food ticket, has just been brought home and, for this week, is for each member of the family as follows:

Hamburg	*Per Week*	*Feb. 7–13, 1920*
Potatoes	500 grams	400 cals.
Pea beans	200	534
Rye flour, etc.	100	305
Syrup	150	375
Teigwaren	300	620
Butter	50	380
Margarine	100	760
Meat	200	240
Sausage	20	30
Bread	1900	3940
Total	3520	7584
Daily average	503	1083

In addition, the father, because he is a moulder in the foundry, has 500 extra grams of horsemeat, giving 600 calories per week or 86 calories per day. The average weekly number of calories in the ration fed the Belgians through the Belgian Relief Commission was about 2800 calories, and the proper diet recommended by the Royal Society for Great Britain is 3400 calories. This food has cost about 16 marks per person in February, 1920, or 80 marks for a family of five. The balance of the week's wages, 45 marks or 36 per cent, must cover the other food needs of the family and also clothing, fuel and shelter.

Houses, such as this family occupies, rent for 125 marks a month or 31 marks a week and so if the home is not owned, but 14 marks are remaining each week to buy extras. As a consequence, many houses are being sold to pay living expenses from the proceeds and there is an enormous sale of old furniture.

Suppose we go shopping with the wife next day and see what this wage will buy. Fish will cost 6 marks a pound, so the 45 marks would pay for enough for two meals for the family. Some apples for sauce cost from 1.5 to 2.5 marks per pound. A coat for herself of the cheapest wool will cost 750 marks, so she buys one made of some "Ersatz," or substitute material, for 350 marks. Shoes of the very poorest leather, for the children, cost from 80 to 125 marks. Good shoes for the husband are priced from 200 to 300 marks, consequently, the men whose army boots are still serviceable are wearing them for all occasions. The shop windows are full of things but very often there is not a second article of the same kind inside and even yet the department store windows are full of strings of postcards for decoration. It is of course true that there is a certain amount of goods imported that can be had by the rich and there are some lines that seem quite well filled, but the business done is only a tithe of what it was normally. There is some "Schleichhandel," or illegal food, everywhere and the hotels serve meat and butter and a little breakfast roll that is made of a whiter flour. This business is more common than during the war and is practiced more in some towns than others. But suppose our companion wishes to get some of this food. The butter costs 32 marks a pound and the meat much more. She cannot consider making such a purchase. I recently was invited to take lunch with a group of eight at one of the prominent restaurants of Hamburg and the waiter, though he had

been saving them, had only seven "Hamburg" steaks in the shop and the eighth guest took fish! Regardless of wealth, there cannot be any extra milk for the distribution is always watched very fully and it is all for the children and the very sick, on the certificate of the physician. The supply of the large cities is about one-sixth of the normal consumption. In some seasons there is no fresh milk for any above three years of age, not even the sick. Rent for such four room houses as we visit is 125 marks per month or 31 marks per week, which takes nearly all the balance of the week's wages when the home is not owned by the worker.

THE UNEMPLOYED IN GERMANY

Let us visit the home of a neighbor who has no work. He receives a non-employment allowance from the city, 36 marks for himself, 15 marks for the wife, and 9 marks for each of the three children, 78 marks in all or just the price of the food on the ration cards. As a consequence, there is no fuel except that which the children bring home from the ashdumps and along the railroads and in the corners of the coal barges. The number of unemployed in Bremen, a city of 250,000, in the last week in February was 5,000 men, at least one in ten. Next, let us go into the house around the corner, and visit a widow with two children; she makes 65 marks as a cleaner at the office building downtown. Here, the children have no clothes but those on their backs and no bedclothes. The mother has cooked two suppers this week but this is Saturday, so the store of wood in the corner will be called on tomorrow to make a Sunday dinner. The other days the food and the room are cold alike, and must be warmed by the heat of the human body.

EFFECT OF LIVING CONDITIONS ON INDUSTRIAL SITUATION

These living conditions have a direct bearing on the industrial situation. The physical condition of the workers is such that they are not able for full work. Men are fainting daily at their tasks. This is perhaps most apparent among the brain workers who do not have any extra food allowance and who are not so able to assimilate the bread which is milled now to 95 per cent of the total grain instead of 71 per cent as formerly. The present flour is chiefly rye and barley with a little wheat and potato. These clerks are not paid as well as the laborers for they have not been organized to demand it. Doctors and judges are often not paid any more than before the war and are in very straightened circumstances.

EXHAUSTION IN GERMANY

Livestock Food Supply

In addition to the physical condition of the workers, the present exhaustion in Germany is very striking. The productive power of the soil has depreciated at least 40 per cent, to quote from an authentic report of one year ago. This loss cannot be fully regained for at least a decade, even under the most favorable circumstances. The sandy loams of the great northern plain do not hold the humus and plant food like the naturally fertile lands of our own middle west and are now reduced to the point that the German agricultural improvement campaign found them twenty years ago. Ger-

man livestock food efficiency, to refer to the same authority, is 55 per cent of normal. This will recover more rapidly, for the beef and milk shortage is largely a question of food for the animals, which was always very largely imported and consists of grain and oil by-products. The number of milk cows has been reduced only from 11 million to 9 million and the total of all cattle from 20 million to 17 million. Hogs were very promptly reduced at the beginning of the war and are now in number 10 million against 25 million before. The recovery of this food supply will take at least two years of breeding and importation before it assumes anything like its past importance. One hesitates to hazard any guess about the grain crop for 1920. The planting conditions were very unfavorable last fall and there have been great floods this winter covering great areas with water for weeks, but on the other hand the spring has opened early and it is still a long time till the harvest.

Railroad Transport

The railroad transport efficiency is reduced by worn-out rolling stock and roadbed, lack of fuel and labor difficulties. Some improvement is, however, apparent in passenger and freight traffic both, evidently due to a more efficient peace-time organization.

Raw Materials

Stocks of raw materials on hand when the armistice was signed were almost nil in spite of the marvelous substituting ability and conserving genius of the people. The thoroughness with which the nation threw every resource into the conflict makes recovery and reconstruction so much the more difficult now. The production of raw materials to fill the future needs of industry depends on factors, at least two of which are at present largely unknown—(1) national alignments and (2) labor. The first mentioned will determine which agricultural and mining areas are to be German and what part of the production of those remaining in Germany is to be applicable to the needs of German industry. The second factor, labor, is even more uncertain. The laborer here has never shared at all in deciding industrial policies and nobody can foretell what he may do with his present large measure of self determination, or how labor and capital will "pull in double harness." Labor is also largely influenced by the political situation and is much depressed by the fact, for instance, that the coal he is mining is perforce largely for foreign consumption.

FOOD SITUATION IN GERMANY

The food situation promises to be much more serious as the present supply is exhausted and this will certainly have a serious effect on the industrial situation. Recovery in food production for the next year will be still very poor as long as there is not more attention paid to the factor of price as a stimulus to production. The policies of the German food control authorities have been so diametrically different from those of the United States Food Administration that it is easy now to compare them along several lines. In one particular, at least, the American plan was far superior. Production kept pace with consumption at least to the point that it could

become normal in one season. All this is aside from any discussion of the conditions which both had to face.

THE PRESENT MIXED POLITICAL SITUATION IN GERMANY

An example of the present mixed political situation is the beet sugar industry. The beets are grown in Tzchecho Slowekei, the factories are in Austria, and the coal somewhere else; the beets rotted because the governments concerned would not allow the international transportation necessary to get the three elements together. The textile industry cannot get started because of the exchange rate and because there has not been any satisfactory basis of credit devised so the manufacturers can pay for their imported raw materials. It would be tiresome to go into more detail and take up the whole list of German industries, as they seem to come somewhere within the range of those that have been mentioned.

EFFECT OF PEACE ON GERMAN INDUSTRY

The questions arising out of peace have a very direct bearing on this matter of the recovery of German industry, and it is difficult to discuss the future without referring to some of the more important of them. But there is not room in such a paper and they are now being widely discussed in the contemporary press and literature. I may say that some of the financial terms of the treaty do not seem possible of fulfillment, and it is to the interests of the Allies, as well as the peace of the world in general, that they be somewhat modified. This is said from the viewpoint of business stability and it is now becoming recognized in England that a bankrupt Germany cannot pay indemnities.

To talk to the business men here is to have a series of questions put at you about as follows: How can we import raw materials when our credit and our currency is worthless? How can we work without materials, either foreign or domestic? How can our laborers live without work? We are short of food; how can we buy food without money? It is well expressed as a vicious circle, a squirrel cage in which the German people are treading the wheel to the point of exhaustion and yet can see no way out. Yet there are many things to point to a better time if the matter is handled carefully. The people have learned self-sacrifice and can do with far less of the better things of life than they had before the war. There is a movement to pool all the industries of the nation in one association to get foreign credit. If food enough can be had for the next few months it will strengthen the forces making for order and business integrity, for the German is by nature and training conservative and orderly, and when he has work to occupy his attention and is fairly comfortable in body he is very slow to take up extreme ideas.

But the last few weeks show some improvement. The coal miners are working longer hours and this seems to be reflected all over the country a little. The great Krupp works at Essen were among the first to get started at peace-time production, being fortunately situated with a coal mine within the factory fence and iron ore nearby. Now a great variety of products are made, everything from padlocks and

typewriters to railroad locomotives. Some of the departments are so busy that three shifts of laborers and mechanics are employed.

The future peace of the world is wrapped up in the question of the rapid resumption of industry and trade in all the countries of Europe and the United States, and we cannot afford to miss every opportunity that is offered to see to it that this settlement is accompanied by such international and internal agreements as will make permanent the ideals that the people of the United States thought they were fighting for and dying for.